

West Central Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2008

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West Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2007 Election)

Jack Williams	President	2009
Chad Ingels	Vice President	2007
Alan Albrecht	Board Member	2009
Brent Sharff	Board Member	2009
Charlie Barry	Board Member	2008

Board of Education

(After September 2007 Election)

Jack Williams	President	2009
Chad Ingels	Vice President	2010
Alan Albrecht	Board Member	2009
Brent Sharff	Board Member	2009
Charlie Barry	Board Member	2008

School Officials

Jim Patera	Superintendent	2008
Kim Arndt	District Secretary/Business Manager	2008
Brian Gruhn	Attorney	2008

Independent Auditor's Report

To the Board of Education of
West Central Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

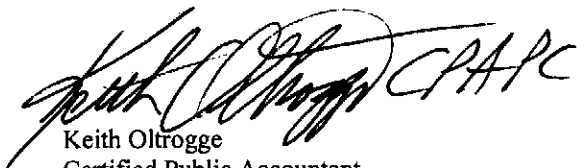
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated January 26, 2009 on my consideration of West Central Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

January 26, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,100,132 in fiscal 2007 to \$3,017,524 in fiscal 2008, while General Fund expenditures increased from \$2,908,578 in fiscal 2007 to \$2,970,402 in fiscal 2008. The District's General Fund balance increased from \$703,981 in fiscal year 2007 to \$751,103 in fiscal year 2008, a 6.3% increase.
- The decrease in General Fund revenues was attributable to a decrease in federal grant revenue in fiscal year 2008. The increase in expenditures was due primarily to an increase in the spending in instruction and support services.
- The District's solvency ratio has increased from 23.4% at June 30, 2007 to 24.5% at June 30, 2008. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Central Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
West Central Community School District Annual Financial Report

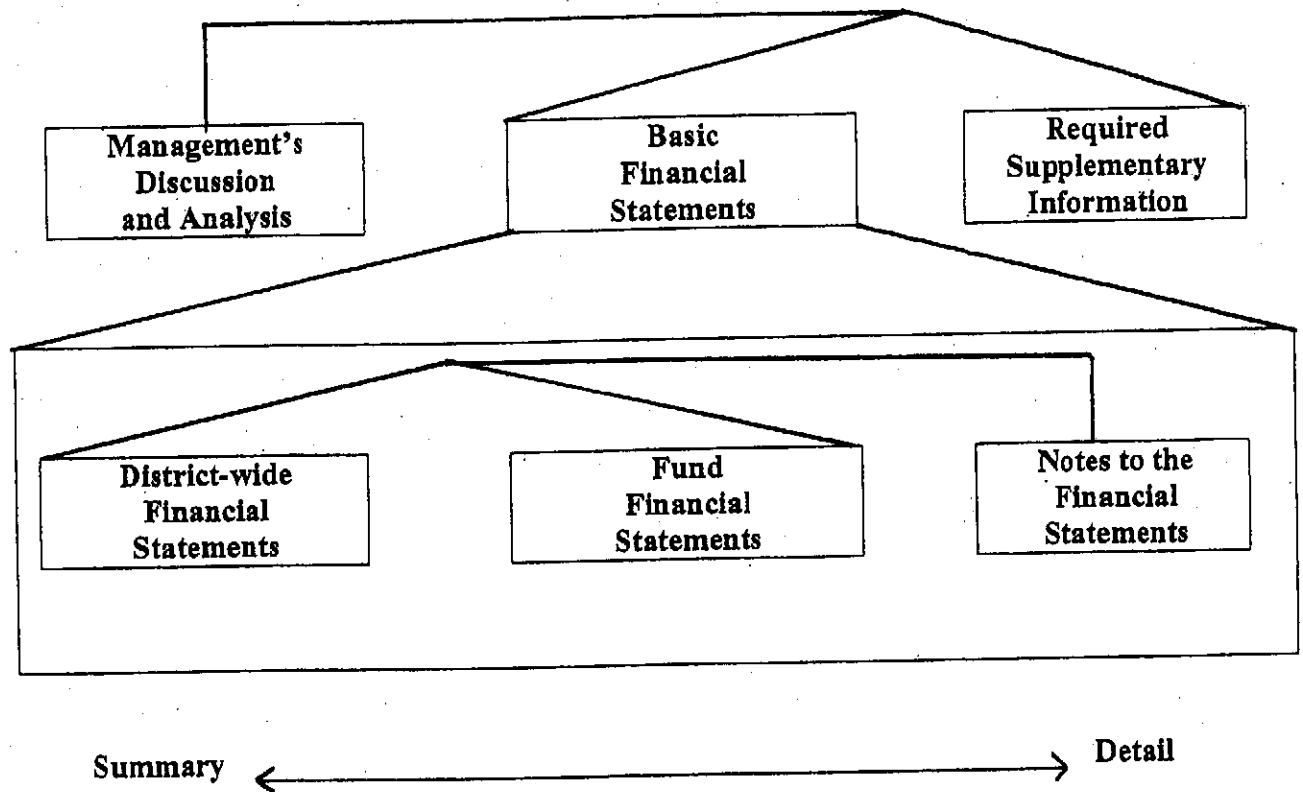


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$3,967,906	\$2,860,334	\$16,812	\$34,818	\$3,984,718	\$2,895,152	\$1,089,566
Capital assets	891,292	805,898	11,021	12,058	902,313	817,956	84,357
Total assets	\$4,859,198	\$3,666,232	\$27,833	\$46,876	\$4,887,031	\$3,713,108	\$1,173,923
Long-term liabilities	\$71,480	\$43,593	\$-	\$-	\$71,480	\$43,593	\$27,887
Other liabilities	2,480,516	1,628,913	2,111	2,167	2,482,627	1,631,080	851,547
Total liabilities	\$2,551,996	\$1,672,506	\$2,111	\$2,167	\$2,554,107	\$1,674,673	\$879,434
Net assets:							
Invested in capital assets, net of related debt	\$828,348	\$778,342	\$11,021	\$12,058	\$839,369	\$790,400	\$48,969
Restricted	752,420	535,139	-	-	752,420	535,139	217,281
Unrestricted	726,434	680,245	14,701	32,651	741,135	712,896	28,239
Total net assets	\$2,307,202	\$1,993,726	\$25,722	\$44,709	\$2,332,924	\$2,038,435	\$294,489

The District's combined net assets increased by nearly 13%, or approximately \$294,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by approximately \$217,000, or 29% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$28,000, or 4%. This increase in unrestricted net assets was a result of the District's increased revenues from tuition and other local sources.

Figure A-4 shows the change in net assets for the year ended June 30, 2008.

Figure A-4
Changes in Net Assets

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$239,472	\$76,217	\$315,689
Operating grants, contributions and restricted interest	382,650	49,496	432,146
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,455,367	-	1,455,367
Local option sales and services tax	209,109	-	209,109
Unrestricted state grants	1,158,583	-	1,158,583
Unrestricted investment earnings	47,593	364	47,957
Other	73,169	-	73,169
Total revenues	\$3,565,943	\$126,077	\$3,692,020
Program expenses:			
Governmental activities:			
Instruction	\$2,149,685	\$-	\$2,149,685
Support services	967,663	-	967,663
Non-instructional programs	-	145,064	145,064
Other expenses	135,119	-	135,119
Total expenses	\$3,252,467	\$145,064	\$3,397,531
Change in net assets	\$313,476	-\$18,987	\$294,489

Property tax and unrestricted state grants account for 71% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,565,943 and expenses were \$3,252,467. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
**Total and Net Cost of
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$2,149,685	\$1,530,159
Support services	967,663	965,067
Non-instructional programs	-	-
Other expenses	135,119	135,119
Totals	\$3,252,467	\$2,630,345

- The cost financed by users of the District's programs was \$315,689.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$432,146.
- The net cost of governmental activities was financed with \$1,664,476 in property and other taxes and \$1,158,583 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$126,077 and expenses were \$145,064. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Central Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,489,362 well above last year's ending fund balances of \$1,232,460.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues.
- The General Fund balance increased from \$703,981 to \$751,103, due in part to the increased revenue.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$147,846 in fiscal 2007 to \$226,171 in fiscal 2008.
- The Capital Projects Fund balance increased from \$240,705 to \$341,312 at June 30, 2008, representing an increase of approximately 30%.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$44,709 at June 30, 2007 to \$25,722 at June 30, 2008, representing a decrease of approximately 42.5%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$158,086 less than budgeted revenues, a variance of .4%. The most significant variance resulted from the District receiving less in Federal aid than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to the timing of expenditures at year end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 9.4% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$131,440.

The original cost of the District's capital assets was \$3.47 million. Governmental funds account for \$3.45 million, with the remainder of \$.02 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$62,506	\$62,506	\$-	\$-	\$62,506	\$62,506	\$-
Buildings	474,657	429,001	-	-	474,657	429,001	45,656
Improvement other than buildings	33,920	13,827	-	-	33,920	13,827	20,093
Furniture and equipment	320,209	300,564	11,021	12,058	331,230	312,622	18,608
Totals	\$891,292	\$805,898	\$11,021	\$12,058	\$902,313	\$817,956	\$84,357

Long-Term Debt

At June 30, 2008, the District had \$71,480 in other long-term debt outstanding. This represents an increase of approximately 39% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2008	2007	2007-2008
Notes payable	\$62,944	\$27,556	\$35,388
Early retirement	8,536	16,037	-7,501
Totals	\$71,480	\$43,593	\$27,887

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2008.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kim Arndt, the District Secretary/Business Manager, West Central Community School District, 305 Pember Street, Maynard IA 50655.

Basic Financial Statements

West Central Community School District

Statement of Net Assets

June 30, 2008

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	\$ 1,009,401	\$ -	\$ 1,009,401
Other	1,396,187	12,746	1,408,933
Receivables:			
Property tax:			
Delinquent	20,651	-	20,651
Succeeding year	1,400,241	-	1,400,241
Accounts	72,456	494	72,950
Accrued interest:			
ISCAP	7,307	-	7,307
Due from other governments	61,663	39	61,702
Inventories	-	3,533	3,533
Capital assets, net of accumulated depreciation	891,292	11,021	902,313
Total Assets	\$ 4,859,198	\$ 27,833	\$ 4,887,031
Liabilities			
Accounts payable	\$ 24,384	\$ 27	\$ 24,411
Salaries and benefits payable	37,105	7	37,112
Other current liabilities	7,718	-	7,718
Accrued interest	1,972	-	1,972
Deferred revenue-succeeding year property tax	1,186,707	-	1,186,707
Deferred revenue-other	-	2,077	2,077
ISCAP warrants payable	1,216,534	-	1,216,534
ISCAP accrued interest payable	6,096	-	6,096
Long-term liabilities:			
Portion due within one year:			
Note payable	30,896	-	30,896
Early retirement	4,936	-	4,936
Portion due after one year:			
Note payable	32,048	-	32,048
Early retirement	3,600	-	3,600
Total Liabilities	\$ 2,551,996	\$ 2,111	\$ 2,554,107
Net Assets			
Invested in capital assets, net of related debt	\$ 828,348	\$ 11,021	\$ 839,369
Restricted for:			
Management levy	99,454	-	99,454
Physical plant and equipment levy	226,171	-	226,171
Other special revenue purposes	426,795	-	426,795
Unrestricted	726,434	14,701	741,135
Total Net Assets	\$ 2,307,202	\$ 25,722	\$ 2,332,924

West Central Community School District

Statement of Activities

Year Ended June 30, 2008

	Program Revenues			
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses			
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,442,912	\$ 112,750	\$ 316,589	\$ -
Special instruction	358,249	35,590	56,884	-
Other instruction	348,524	90,853	6,860	-
	<u>\$ 2,149,685</u>	<u>\$ 239,193</u>	<u>\$ 380,333</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 86,167	\$ -	\$ 2,317	\$ -
Instructional staff services	66,455	-	-	-
Administration services	391,232	-	-	-
Operation and maintenance of plant services	265,316	-	-	-
Transportation services	158,493	279	-	-
	<u>\$ 967,663</u>	<u>\$ 279</u>	<u>\$ 2,317</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 11,637	\$ -	\$ -	\$ -
Long-term debt interest	1,969	-	-	-
AEA flow-through	121,513	-	-	-
	<u>\$ 135,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 3,252,467</u>	<u>\$ 239,472</u>	<u>\$ 382,650</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 145,064	\$ 76,217	\$ 49,496	\$ -
Total	<u>\$ 3,397,531</u>	<u>\$ 315,689</u>	<u>\$ 432,146</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-1,013,573	\$	-	\$ -1,013,573
	-265,775		-	-265,775
	-250,811		-	-250,811
\$	-1,530,159	\$	-	\$ -1,530,159
<hr/>				
\$	-83,850	\$	-	\$ -83,850
	-66,455		-	-66,455
	-391,232		-	-391,232
	-265,316		-	-265,316
	-158,214		-	-158,214
\$	-965,067	\$	-	\$ -965,067
<hr/>				
\$	-11,637	\$	-	\$ -11,637
	-1,969		-	-1,969
	-121,513		-	-121,513
\$	-135,119	\$	-	\$ -135,119
<hr/>				
\$	-2,630,345	\$	-	\$ -2,630,345
<hr/>				
\$	-	\$	-19,351	\$ -19,351
<hr/>				
\$	-2,630,345	\$	-19,351	\$ -2,649,696

West Central Community School District

Statement of Activities

Year Ended June 30, 2008

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

General Revenues:

Property Tax Levied For:
 General purposes
 Capital outlay
Local option sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total General Revenues

Change in net assets
Net assets beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities	Total
\$	1,310,569	\$ -	\$ 1,310,569
	144,798	-	144,798
	209,109	-	209,109
	1,158,583	-	1,158,583
	47,593	364	47,957
	73,169	-	73,169
\$	2,943,821	\$ 364	\$ 2,944,185
\$	313,476	\$ -18,987	\$ 294,489
	1,993,726	44,709	2,038,435
\$	2,307,202	\$ 25,722	\$ 2,332,924

West Central Community School District

Balance Sheet
Governmental Funds

June 30, 2008

	General	Capital Projects	Non-major Special Revenue	Total
Assets				
Cash and Pooled Investments:				
ISCAP	\$ 1,009,401	\$ -	\$ -	\$ 1,009,401
Other	728,705	269,027	398,455	1,396,187
Receivables:				
Property Tax:				
Delinquent	17,400	-	3,251	20,651
Succeeding year	1,186,707	-	213,534	1,400,241
Accounts	15	72,285	156	72,456
Accrued interest:				
ISCAP	7,307	-	-	7,307
Due from other governments	61,663	-	-	61,663
Total Assets	\$ 3,011,198	\$ 341,312	\$ 615,396	\$ 3,967,906
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 19,469	\$ -	\$ 4,915	\$ 24,384
Salaries and benefits payable	37,105	-	-	37,105
ISCAP warrants payable	1,003,000	-	213,534	1,216,534
ISCAP accrued interest payable	6,096	-	-	6,096
Deferred Revenue:				
Succeeding year property tax	1,186,707	-	-	1,186,707
Other current liabilities	7,718	-	-	7,718
Total Liabilities	\$ 2,260,095	\$ -	\$ 218,449	\$ 2,478,544
Fund Balances:				
Reserved	\$ 22,697	\$ -	\$ -	\$ 22,697
Unreserved	728,406	341,312	396,947	1,466,665
Total Fund Balances	\$ 751,103	\$ 341,312	\$ 396,947	\$ 1,489,362
Total Liabilities and Fund Balances	\$ 3,011,198	\$ 341,312	\$ 615,396	\$ 3,967,906

See notes to financial statements.

West Central Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2008

Total fund balances of governmental funds (page 16)	\$ 1,489,362
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	891,292
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-1,972
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	-71,480
Net assets of governmental activities (page 13)	<u>\$ 2,307,202</u>

West Central Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2008

	General	Capital Projects	Non-Major Special Revenue	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,210,704	\$ 209,109	\$ 244,663	\$ 1,664,476
Tuition	143,381	-	-	143,381
Other	122,323	2,029	92,502	216,854
Intermediate sources	-	-	-	-
State sources	1,453,063	-	116	1,453,179
Federal sources	88,053	-	-	88,053
Total Revenues	\$ 3,017,524	\$ 211,138	\$ 337,281	\$ 3,565,943
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,390,880	\$ -	\$ 15,473	\$ 1,406,353
Special instruction	355,209	-	-	355,209
Other instruction	258,331	-	88,151	346,482
	\$ 2,004,420	\$ -	\$ 103,624	\$ 2,108,044
Support Services:				
Student services	\$ 54,248	\$ -	\$ 31,919	\$ 86,167
Instructional staff services	66,080	-	375	66,455
Administration services	390,760	-	-	390,760
Operation and maintenance of plant services	218,453	-	41,203	259,656
Transportation services	114,928	-	69,835	184,763
	\$ 844,469	\$ -	\$ 143,332	\$ 987,801
Other Expenditures:				
Facilities acquisition	\$ -	\$ 110,531	\$ 15,504	\$ 126,035
Principal	-	-	27,556	27,556
Interest	-	-	1,036	1,036
AEA flow-through	121,513	-	-	121,513
	\$ 121,513	\$ 110,531	\$ 44,096	\$ 276,140
Total Expenditures	\$ 2,970,402	\$ 110,531	\$ 291,052	\$ 3,371,985
Excess (deficiency) of revenues over (under) expenditures	\$ 47,122	\$ 100,607	\$ 46,229	\$ 193,958
Other Financing Sources (Uses):				
Note proceeds	-	-	62,944	62,944
Net change in fund balances	\$ 47,122	\$ 100,607	\$ 109,173	\$ 256,902
Fund balances beginning of year	703,981	240,705	287,774	1,232,460
Fund Balances End of Year	\$ 751,103	\$ 341,312	\$ 396,947	\$ 1,489,362

See notes to financial statements.

West Central Community School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities

Year Ended June 30, 2008

Net change in fund balances – total governmental funds (page 18) \$ 256,902

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 214,833	
Depreciation expense	<u>-129,439</u>	85,394

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	\$ -62,944	
Repaid	<u>27,556</u>	-35,388

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>7,501</u>
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Change in Net Assets of Governmental Activities (page 15) \$ 313,476

West Central Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2008

	School Nutrition
Assets	
Cash and cash equivalents	\$ 12,746
Accounts receivable	494
Due from other governments	39
Inventories	3,533
Capital assets, net of accumulated depreciation	11,021
Total Assets	<u>\$ 27,833</u>
Liabilities	
Accounts payable	\$ 27
Salaries and benefits payable	7
Deferred revenue	2,077
Total Liabilities	<u>\$ 2,111</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 11,021
Unrestricted	14,701
Total Net Assets	<u>\$ 25,722</u>

West Central Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2008

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 76,217
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 52,592
Benefits	7,174
Purchased services	4,463
Supplies	78,634
Depreciation	2,001
Other	200
Total operating expenses	\$ 145,064
Operating loss	\$ -68,847
Non-operating revenues:	
State sources	\$ 1,572
Federal sources	47,924
Interest income	364
Total non-operating revenues	\$ 49,860
Change in net assets	\$ -18,987
Net assets beginning of year	44,709
Net Assets End of Year	\$ 25,722

West Central Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2008

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 77,199
Cash paid to employees for services	-59,759
Cash paid to suppliers for goods or services	-77,457
Net cash used by operating activities	<u>\$ -60,017</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,572
Federal grants received	40,973
Net cash provided by non-capital financing activities	<u>\$ 42,545</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -964</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 364</u>
Net decrease in cash and cash equivalents	\$ -18,072
Cash and cash equivalents beginning of year	<u>30,818</u>
Cash and Cash Equivalents End of Year	<u>\$ 12,746</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -68,847
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	6,912
Depreciation	2,001
(Increase) in inventories	-1,009
Decrease in accounts receivable	982
(Decrease) in accounts payable	-72
Increase in salaries and benefits payable	7
Increase in deferred revenue	9
Net Cash Used by Operating Activities	<u>\$ -60,017</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$6,912 of federal commodities.

West Central Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2008

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 3,337
Liabilities	
Accounts payable	\$ -
Net Assets	
Reserved for scholarships	\$ 3,337

West Central Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2008

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 4,130
Interest income	60
Total additions	<u>\$ 4,190</u>
Deductions	
Support services:	
Supplies	<u>\$ 5,832</u>
Change in net assets	\$ -1,642
Net assets beginning of year	<u>4,979</u>
Net Assets End of Year	<u>\$ 3,337</u>

West Central Community School District

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

West Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Maynard, Westgate and Randalia, Iowa and portions of the predominately agricultural territory in Fayette County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Central Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. West Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and a charter school grant that will be recognized in fiscal 2008.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

During the year ended June 30, 2008, expenditures in the other expenditures functional area exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 28,592

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premiums
2007-08A	6/27/08	6/27/08	\$ -	\$ 1,662	\$ -	\$ -	\$ -
2007-08B	1/23/08	1/23/09	360,152	5,399	359,000	5,849	1,922
2008-09A	6/26/08	6/25/09	649,249	246	644,000	247	5,796
Total			\$ 1,009,401	\$ 7,307	\$ 1,003,000	\$ 6,096	\$ 7,718

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The District did not have any advances for the ended June 30, 2008.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,506	\$ -	\$ -	\$ 62,506
Total capital assets not being depreciated	\$ 62,506	\$ -	\$ -	\$ 62,506
Capital assets being depreciated:				
Buildings	\$ 1,319,972	\$ 72,190	\$ -	\$ 1,392,162
Improvements other than buildings	18,360	22,082	-	40,442
Furniture and equipment	1,832,869	120,561	-	1,953,430
Total capital assets being depreciated	\$ 3,171,201	\$ 214,833	\$ -	\$ 3,386,034
Less accumulated depreciation for:				
Buildings	\$ 890,971	\$ 26,534	\$ -	\$ 917,505
Improvements other than buildings	4,533	1,989	-	6,522
Furniture and equipment	1,532,305	100,916	-	1,633,221
Total accumulated depreciation	\$ 2,427,809	\$ 129,439	\$ -	\$ 2,557,248
Total capital assets being depreciated, net	\$ 743,392	\$ 85,394	\$ -	\$ 828,786
Governmental Activities Capital Assets, Net	\$ 805,898	\$ 85,394	\$ -	\$ 891,292
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 23,047	\$ 964	\$ -	\$ 24,011
Less accumulated depreciation	10,989	2,001	-	12,990
Business Type Activities Capital Assets, Net	\$ 12,058	\$ -1,037	\$ -	\$ 11,021

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$	69,470
Special		3,040
Other		2,042

Support services:

Administration		3,338
Operation and maintenance of plant		5,660
Transportation		45,889

Total Depreciation Expense – Governmental Activities	\$	129,439
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Business Type Activities:

Food service operations	\$	2,001
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(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 27,556	\$ 62,944	\$ 27,556	\$ 62,944	\$ 30,896
Early retirement	16,037	-	7,501	8,536	4,936
Total	\$ 43,593	\$ 62,944	\$ 35,057	\$ 71,480	\$ 35,832

Bus Loan

On August 29, 2007, the District borrowed \$62,944 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 3.75%, with two annual payments of \$33,256.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed twenty-four years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is \$8,400 paid in cash over a two-year period. Early retirement benefits paid during the year ended June 30, 2008 totaled \$7,501.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$95,294, \$96,971 and \$102,070, respectively, equal to the required contributions for each year.

(8) Risk Management

West Central Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$121,513 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Commitments

The District has entered into a contract totaling \$36,810 for resurfacing Pember Street which is to be completed in the next fiscal year.

Required Supplementary Information

West Central Community School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 2,024,711	\$ 76,581
Intermediate sources	-	-
State sources	1,453,179	1,572
Federal sources	88,053	47,924
Total Receipts	<u>\$ 3,565,943</u>	<u>\$ 126,077</u>
Disbursements:		
Instruction	\$ 2,108,044	\$ -
Support services	987,801	-
Non-instructional programs	-	145,064
Other expenditures	276,140	-
Total Disbursements	<u>\$ 3,371,985</u>	<u>\$ 145,064</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 193,958	\$ -18,987
Net other financing sources	62,944	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements	\$ 256,902	\$ -18,987
Balances beginning of year	1,232,460	44,709
Balances End of Year	<u>\$ 1,489,362</u>	<u>\$ 25,722</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	2,101,292	\$ 2,119,648	\$ -18,356
	-	-	-
	1,454,751	1,480,458	-25,707
	135,977	250,000	-114,023
\$	3,692,020	\$ 3,850,106	\$ -158,086
\$	2,108,044	\$ 3,058,779	\$ 950,735
	987,801	1,301,342	313,541
	145,064	186,372	41,308
	276,140	130,432	-145,708
\$	3,517,049	\$ 4,676,925	\$ 1,159,876
\$	174,971	\$ -826,819	\$ 1,001,790
	62,944	-	62,944
\$	237,915	\$ -826,819	\$ 1,064,734
	1,277,169	996,186	280,983
\$	1,515,084	\$ 169,367	\$ 1,345,717

West Central Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the other expenditures function exceeded the amount budgeted.

Other Supplementary Information

West Central Community School District

**Combining Balance Sheet
Non-Major Special Revenue Funds**

June 30, 2008

	Management Levy
Assets	
Cash and pooled investments	\$ 106,302
Receivables:	
Property Tax:	
Delinquent	1,532
Succeeding year	100,000
Accounts	156
Total Assets	\$ 207,990
Liabilities and Fund Equity	
Liabilities:	
Accounts payable	\$ -
Deferred Revenue:	
Succeeding year property tax	100,000
Total Liabilities	\$ 100,000
Fund Equity:	
Unreserved fund balances	\$ 107,990
Total Liabilities and Fund Equity	\$ 207,990

See accompanying independent auditor's report.

Student Activity	Physical Plant and Equipment Levy	Total
\$ 63,515	\$ 228,638	\$ 398,455
-	1,719	3,251
-	113,534	213,534
-	-	156
<u>\$ 63,515</u>	<u>\$ 343,891</u>	<u>\$ 615,396</u>
 \$ 729	 \$ 4,186	 \$ 4,915
-	113,534	213,534
<u>\$ 729</u>	<u>\$ 117,720</u>	<u>\$ 218,449</u>
 \$ 62,786	 \$ 226,171	 \$ 396,947
<u>\$ 63,515</u>	<u>\$ 343,891</u>	<u>\$ 615,396</u>

West Central Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds

Year Ended June 30, 2008

	Management Levy
Revenues:	
Local sources:	
Local tax	\$ 99,865
Other	1,916
State sources	54
Total Revenues	<u>\$ 101,835</u>
Expenditures:	
Current:	
Instruction:	
Regular instruction	\$ 15,473
Other instruction	-
Support services:	
Student services	14,619
Instructional staff services	-
Operation and maintenance of plant services	31,403
Transportation services	6,891
Other expenditures:	
Facilities acquisition	-
Principal	-
Interest	-
Total Expenditures	<u>\$ 68,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,449</u>
Other financing sources (uses):	
Operating transfers in (out)	\$ -
Note proceeds	-
Total other financing sources (uses)	<u>\$ -</u>
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	\$ 33,449
Fund balances beginning of year	<u>74,541</u>
Fund Balances End of Year	<u>\$ 107,990</u>

See accompanying independent auditor's report

Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
\$ -	\$ 144,798	\$ -	\$ 244,663
85,550	5,036	-	92,502
-	62	-	116
\$ 85,550	\$ 149,896	\$ -	\$ 337,281
\$ -	\$ -	\$ -	\$ 15,473
88,151	-	-	88,151
	17,300	-	31,919
	375	-	375
	9,800	-	41,203
	62,944	-	69,835
	15,504	-	15,504
	-	27,556	27,556
	-	1,036	1,036
\$ 88,151	\$ 105,923	\$ 28,592	\$ 291,052
\$ -2,601	\$ 43,973	\$ -28,592	\$ 46,229
\$ -	\$ -28,592	\$ 28,592	\$ -
-	62,944	-	62,944
\$ -	\$ 34,352	\$ 28,592	\$ 62,944
\$ -2,601	\$ 78,325	\$ -	\$ 109,173
65,387	147,846	-	287,774
\$ 62,786	\$ 226,171	\$ -	\$ 396,947

West Central Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2008

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	\$ 1,068	\$ 1,248	\$ 1,394	\$ 730	\$ 1,652
Yearbook	211	7,518	6,967	-	762
Student Council	2,253	2,914	2,856	-	2,311
Industrial Arts Club	1,105	768	1,075	-	798
Spanish Club	8,764	2,584	4,859	-	6,489
Senior Class	729	282	3,991	3,815	835
Junior Class	4,545	2,918	2,279	-1,539	3,645
Sophomore Class	3,005	657	-	-1,580	2,082
Freshman Class	1,425	668	-	48	2,141
8 th Grade	1,474	1,142	-	-252	2,364
7 th Grade	1,222	2,028	-	-798	2,452
6 th Grade	424	1,682	-	-424	1,682
Dramatics	431	305	423	-	313
Vocal Music	1,459	5,692	4,543	-	2,608
Instrumental Music	3,457	8,182	7,082	-	4,557
Athletics/Cheerleaders	3,617	26,313	28,226	-	1,704
Musical/Concert	3,580	1,755	704	-	4,631
Resale	1,506	5,491	5,457	-	1,540
Student Sales	4,412	3,424	5,973	-	1,863
School Store	4,461	4,887	5,405	-	3,943
Nice	16,239	5,092	6,917	-	14,414
Total	\$ 65,387	\$ 85,550	\$ 88,151	\$ -	\$ 62,786

West Central Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Local Sources:				
Local tax	\$ 1,664,476	\$ 1,682,478	\$ 1,603,994	\$ 1,566,663
Tuition	143,381	151,282	105,135	123,884
Other	216,854	196,830	173,203	160,173
Intermediate sources	-	-	-	-
State sources	1,453,179	1,357,074	1,262,051	1,208,978
Federal sources	88,053	266,627	347,091	132,515
Total	\$ 3,565,943	\$ 3,654,291	\$ 3,491,474	\$ 3,192,213
Expenditures:				
Instruction:				
Regular instruction	\$ 1,406,353	\$ 1,413,620	\$ 1,325,824	\$ 1,274,530
Special instruction	355,209	315,070	287,561	312,201
Other instruction	346,482	378,970	371,405	334,254
Support services:				
Student services	86,167	97,900	85,290	62,575
Instructional staff services	66,455	68,587	81,900	26,920
Administration services	390,760	381,383	463,644	370,212
Operation and maintenance of plant services	259,656	240,501	252,904	218,514
Transportation services	184,763	118,284	214,689	99,812
Other expenditures:				
Facilities acquisition	126,035	56,902	243,209	171,727
Long-term debt:				
Principal	27,556	26,571	-	45,700
Interest and other charges	1,036	2,024	-	2,171
AEA flow-through	121,513	113,415	105,970	103,247
Other	-	-	-	934
Total	\$ 3,371,985	\$ 3,213,227	\$ 3,432,396	\$ 3,022,797

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
West Central Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated January 26, 2009. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered West Central Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Central Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of West Central Community School District's financial statements that is more inconsequential will not be prevented or detected by West Central Community School District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by West Central Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe item I-A-08 is a material weakness.

Compliance and Other Matters

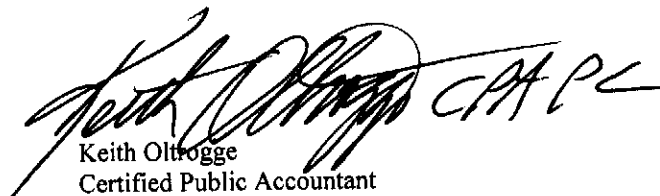
As part of obtaining reasonable assurance about whether West Central Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Central Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit West Central Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Central Community School District and other parties to whom West Central Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of West Central Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.


Keith Oltrogge
Certified Public Accountant

January 26, 2009

West Central Community School District

Schedule of Findings

Year Ended June 30, 2008

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- I-A-08 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

- I-B-08 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2008

Part II - Other Findings Related to Statutory Reporting:

II-A-08 Certified Budget – Expenditures for the year ended June 30, 2008 exceeded the certified budget amounts in other expenditures functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-08 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions – No business transactions between the District and District officials or employees were noted.

II-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-08 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-08 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

II-J-08 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The District will obtain and retain images of both the front and back of cancelled checks as required.

Conclusion – Response accepted.